



State Taxation of Electric Vehicles and EV Charging

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At least 4 states—Iowa, Kentucky, Oklahoma and Pennsylvania – have enacted legislation to tax electricity consumed at public EV charging stations. Several others have attempted to pass or are considering similar legislation.

Iowa

§ 452A.41

- a 2.6-cents-per-kWh tax on energy delivered or placed in a battery outside of a residence beginning July 1, 2023
- Revenue will be credited in part to the [Revitalize Iowa's Sound Economy Fund](#), which promotes economic development through establishment, construction and improvement of roads and streets.
- Remaining revenue will be credited to the Secondary Road Fund (I.C.A. § 331.429), which maintains, repairs and provides general funding to secondary roads in the state.

Kansas

[HB 2004](#) (pending 2023)

- Would establish a \$.03 per kWh “road repair tax.”
- \$.03 figure calculated using estimates of average fuel economy, current gas tax rates and revenues per 100 miles, and estimated average electricity used by EVs per 100 miles to determine an equitable per-kwh tax.

Kentucky

[HB 8](#) (enacted 2022)

- \$.03 per kWh excise tax and a \$.03 surtax on power used to charge electric vehicles, beginning in 2023
- The tax rate will then be adjusted each year based on changes in the National Highway Construction Cost Index ([NHCCI](#)), and funds from the tax will be deposited into the state's Road Fund
- The State Road Fund, defined in [KRS 48.010 \(15\)\(g\)](#), consists of revenues from excise or license taxes on motor fuels as well as revenues from fees or taxes associated with registering or operating vehicles for use on public highways

Mississippi

[HB 18](#) (pending 2023)

- Would impose a flat \$3.50 tax on each motor vehicle charged at an alternative fueling station in the state, collected by the station operator at the time of vehicle charging. Taxes would be apportioned and used for the same purpose as gas and diesel fuel taxes.
- Would take effect July 1, 2023.

Montana

[HB 55](#) (pending 2023)

- Would establish a 3 cent per kwh tax on the electricity used to charge an EV at a public charging station.
- Public stations would be exempt from remitting the tax levied until July 1, 2025.
- Also provides for taxpayers to receive credits for these taxes, up to the amount the taxpayer paid in registration fees that year.

Nebraska

[LB 505](#) (pending 2023)

- Would establish a 3 cent per kwh tax on the electricity used to charge an EV at a public charging station.
- Would not apply to residences, or to EVSE operated free of charge by political subdivisions.
- Subjects commercial charging stations to the same interconnection, rate, and service regulations as the electric supplier covering that service area, and allows utilities to operate EVSE and recover costs.

Oklahoma

[HB 2234](#) (enacted 2021)

- 3-cents-per-kWh tax on electricity used for EV charging at public charging stations
- Tax does not apply to private residential charging
- EV fees are deposited into a new Driving on Road Infrastructure with Vehicles of Electricity (DRIVE) Revolving Fund until 2027, after which 15% of these revenues will be diverted directly to county governments
- The DRIVE fund will be used for road and bridge infrastructure and will supplement the state's current ROADS fund

Pennsylvania

Con. Stat. 75. § 9004

- \$.0172 per-kWh as of 2022
- Computed by the Department of Revenue annually on a gallon equivalent basis
- Revenue collected is used to [fund](#) highway and bridge construction, maintenance and improvement and to provide revenue for State Police Highway Patrol Operations and Department of Transportation activities

Wyoming

[HB 275](#) (pending 2023)

- Would impose a \$0.15/kwh fee on electricity used for EV charging
- Applies to commercial charging facilities, residences, and EV chargers powered by solar panels or other "self-charging feature."
- Includes provisions for how tax will be metered and collected, including from residential owners, and allows commercial operators to add the tax to the price of using the EV charger.
- Would prohibit towns or counties from imposes a similar tax.

At least two more states, **Nevada** and **Minnesota**, recently considered but did not pass legislation that would have placed a per-kWh tax on EV charging. Nevada [SB 384](#) (failed, 2021) would have imposed a new \$.07 tax on electricity from both private and public charging equipment. Revenues would have been directed to the Nevada State Highway Fund, though some revenues may have also been

distributed to local governments. Minnesota [SB 1602](#) (failed, 2022) would have imposed a \$.051 per kWh tax on EV charging, with funds distributed to the state Highway User Tax Distribution Fund.

Vermont has been studying the impacts and feasibility of [alternative road funding](#) mechanisms. The VT Department of Public Service has published an evaluation of these different mechanisms, including a [per-kwh charging tax](#) (see bottom of page 2 in link); the state estimates a tax of \$.034/kWh would be sufficient to replace forgone gas tax revenues. In 2023, **North Dakota** introduced [HB 1081](#), which would require the state transportation and tax departments to study the feasibility of an EV charging tax, as well as calculate the amount of tax that would be needed to replace reduced gas tax revenues.